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LAOS

I. An early settlement still seems doubtful, despite Souvanna's apparent optimism following talks with Boun Oum and Phoumi at Geneva on 19 January.

A. Boun Oum's agreement to consider relinquishing the defense and interior ministries is to be cleared with his Vientiane followers--which could provide a convenient excuse for his reneging on the reported agreement.

B. In addition, specific ministerial assignments must still be negotiated--providing further opportunities for delaying a coalition agreement.

C. Essentially Phoumi has seemed to be playing for time to strengthen his military forces.

D. Phoumi's recent claims of large-scale enemy attacks are unfounded, and evidently aimed at justifying his stand against a political settlement.

II. Phoumi's forces, numbering 71,500 (including 9,000 Meo guerrillas operating mostly behind enemy lines) have improved under US training since their dismal performance prior to last May's cease-fire.

A. Phoumi has deployed forces in positions for possible attacks on key enemy areas and has issued orders to prepare for such operations.

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B. Phoumi apparently also has alternate contingency plans for withdrawing his forces to the south in a secessionist move--a move in which he might receive both Thai and South Vietnamese encouragement. Both South Vietnam and Thailand have given Phoumi strong moral support in his effort to change US policy, but it is doubtful that they would underwrite a unilateral venture.

III. While Phoumi might win some initial successes in any resumption of hostilities, his forces probably could not stand up long unaided if his enemies received reinforcements from North Vietnam.

IV. Anti-Vientiane forces in Laos are estimated at 34,100, including 10,000 troops loyal to Souvanna, 19,000 Pathet Lao, 3,500 North Vietnamese combat personnel, and an additional 1,600 North Vietnamese cadres.

A. These forces continue to be supplied with modern weapons and equipment from the Communist bloc; in December, 45 tanks arrived in the Plaine des Jarres area via North Vietnam.

B. The Pathet Lao and North Vietnamese have been consolidating their position in southern Laos, where they have been engaged in road-building and logistical activity apparently tied in with Communist efforts in support of the Viet Cong in South Vietnam.

C. Communist forces probably will attempt to avoid any large-scale military actions at this time, except as counter-action to government moves, so as not to jeopardize chances of an eventual political settlement.

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